



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 1, 2011

S. 519

Hoover Power Allocation Act of 2011

*As ordered reported by the Senate Committee on Energy and Natural Resources
on July 14, 2011*

S. 519 would update the statutory allocation of electric power generated at the Hoover Dam among various users. The current allocation expires at the end of fiscal year 2017. The legislation would increase the amount of electricity to be marketed by the Western Area Power Administration (WAPA) and would allocate much of the dam's currently unallocated electricity to Native American tribes and other entities. The revised allocations would remain in effect from 2017 through 2067.

Enacting S. 519 would affect direct spending; therefore, pay-as-you-go procedures apply. However, CBO estimates that the net effects would be insignificant for each year. In the absence of this legislation, CBO expects that WAPA would allocate the electricity from Hoover Dam by regulation. We estimate that any differences between the electricity allocation under S. 519 and the allocations developed under such regulations would have a negligible effect on offsetting receipts (a credit against direct spending) from electricity sales because the agency is required by law to keep electric rates as low as possible while recovering all costs of generation and marketing over time. CBO also estimates that implementing the bill would have no significant impact on WAPA's administrative costs, which are funded by appropriations and offset by proceeds from the sale of electricity. Enacting this bill would not affect revenues.

S. 519 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

On June 20, 2011, CBO transmitted a cost estimate for H.R. 470, the Hoover Power Allocation Act of 2011, as ordered reported by the House Committee on Natural Resources on June 15, 2011. The two pieces of legislation are similar, and CBO cost estimates are the same.

The CBO staff contact for this estimate is Kathleen Gramp. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.